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 and Third-Party Defendants,
 the SS Companies

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAI'I

SPORTS SHINKO CO., LTD., a Japanese corporation,)	CIVIL NO. CV 04-00124
)	ACK/BMK
Plaintiff,)	CONSOLIDATED CASES
vs.)	THE SPORTS SHINKO COMPANIES' ANSWER TO THE KG ENTITIES' THIRD-PARTY COMPLAINT FILED JANUARY 22, 2007; CERTIFICATE OF SERVICE
QK HOTEL, LLC, a Hawai'i limited liability company, et al.,)	
Defendants,)	
and)	

FRANKLIN K. MUKAI, et al.,
Third-Party Plaintiffs,
vs.
SPORTS SHINKO (USA) CO.,
LTD., a Delaware corporation, et
al.,
Third-Party
Defendants,
and
SPORTS SHINKO (HAWAII) CO.,
LTD., a Hawai`i corporation,
et al.,
Third-Party Defendants/
Counterclaimants,
vs.
QK HOTEL, LLC, a Hawai`i
limited liability company,
et al.,
Third-Party Counterclaim
Defendants.

SPORTS SHINKO (USA) CO., LTD., a Delaware corporation,) CIVIL NO. CV 04-00125
Plaintiff,) ACK/BMK
vs.)
PUKALANI GOLF CLUB, LLC, a Hawai`i limited liability company, et al.,)
Defendants,)
and)
FRANKLIN K. MUKAI, et al.,)
Third-Party Plaintiffs,)
vs.)
SPORTS SHINKO CO., LTD., a Japan corporation, et al.,)
Third-Party Defendants,)
and)
SPORTS SHINKO CO., LTD., a Japan corporation, et al.,)
Third-Party Defendants/ Counterclaimants,)
vs.)

PUKALANI GOLF CLUB, LLC,)
a Hawai`i limited liability)
company, et al.,)
)
Third-Party Counterclaim)
Defendants.)
)
)
)
SPORTS SHINKO (USA) CO.,) CIVIL NO. CV 04-00126
LTD, a Delaware corporation,) ACK/BMK
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Plaintiff,)
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vs.)
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KIAHUNA GOLF CLUB, LLC,)
a Hawai`i limited liability)
company, et al.,)
)
)
Defendants,)
)
)
and)
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)
FRANKLIN K. MUKAI, et al.,)
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Third-Party Plaintiffs,)
)
)
vs.)
)
)
SPORTS SHINKO CO., LTD.,)
a Japan corporation, et al.,)
)
)
Third-Party)
Defendants,)
)
and)

SPORTS SHINKO (HAWAII) CO.,)
LTD., a Hawai`i corporation,)
et al.,)
)
Third-Party Defendants/)
Counterclaimants,)
)
vs.)
)
KIAHUNA GOLF CLUB, LLC,)
a Hawai`i, limited liability)
company, et al.,)
)
Third-Party Counterclaim)
Defendants.)
)
)
SPORTS SHINKO CO., LTD.,) CIVIL NO. CV 04-00127
a Japanese corporation,) ACK/BMK
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Plaintiff,)
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vs.)
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OR HOTEL, LLC, a Hawai`i)
limited liability company,)
et al.,)
)
Defendants,)
)
and)
)
FRANKLIN K. MUKAI, et al.,)
)
Third-Party Plaintiffs,)
)
vs.)

Defendants,
and
FRANKLIN K. MUKAI, et al.,
Third-Party Plaintiffs,
vs.
SPORTS SHINKO CO., LTD.,
a Japan corporation, et al.,
Third-Party
Defendants,
and
SPORTS SHINKO (HAWAII) CO.,
LTD., a Hawaii corporation,
et al.,
Third-Party Defendants/
Counterclaimants,
vs.
MILILANI GOLF CLUB, LLC,
a Hawai`i limited liability
company, et al.,
Third-Party Counterclaim
Defendants.

**THE SPORTS SHINKO COMPANIES'
ANSWER TO THE KG ENTITIES' THIRD-PARTY COMPLAINT
FILED JANUARY 22, 2007**

Third-Party Defendants SPORTS SHINKO (HAWAII) CO., LTD., SPORTS SHINKO (MILILANI) CO., LTD., SPORTS SHINKO (KAUAI) CO., LTD., SPORTS SHINKO (PUKALANI) CO., LTD., SPORTS SHINKO RESORT HOTEL CORPORATION, SPORTS SHINKO (WAIKIKI) CORPORATION AND OCEAN RESORT HOTEL CORPORATION (collectively, the "SS Companies"), by and through their attorneys, Alston Hunt Floyd & Ing, hereby respond to Third-Party Plaintiffs KG HOLDINGS, LLC, KIAHUNA GOLF CLUB, LLC, KG KAUAI DEVELOPMENT, LLC, PUKALANI GOLF CLUB, LLC, KG MAUI DEVELOPMENT, LLC, MILILANI GOLF CLUB, LLC, QK HOTEL, LLC and OR HOTEL, LLC's (collectively, the "KG Entities"), Third-Party Complaint filed January 22, 2007 (the "Third-Party Complaint"); as follows:

FIRST DEFENSE

1. The Third-Party Complaint fails to state a claim upon which relief may be granted.

SECOND DEFENSE

2. The SS Companies admit the allegations contained in Paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 16, 20, and 21 of the Third-Party Complaint.

3. The SS Companies deny each and every allegation contained in Paragraphs 17, 24, 25, 28, 29, 31, 32, 33, and 34 of the Third-Party Complaint.

4. In answer to Paragraph 10 of the Third-Party Complaint, the SS Companies admit that SS-Japan has been the majority shareholder of SS-USA and that SS-USA is a Delaware corporation, but deny that SS-Japan has been the “controlling shareholder” of SS-USA on the basis that this term is vague and undefined.

5. In answer to Paragraph 14 of the Third-Party Complaint, the SS Companies admit that one or more Plaintiffs owned, directly or indirectly, the SS Hawaii Entities, but deny that the SS Hawaii Entities were “controlled” by the Plaintiffs on the basis that this term is vague and undefined.

6. In answer to Paragraph 15 of the Third-Party Complaint, the SS Companies admit the allegations in the paragraph, except to deny the allegation that Sports Shinko Resort Hotel Corporation was a party to the PSA.

7. In answer to Paragraphs 18 and 19 of the Third-Party Complaint, the SS Companies state that the referenced complaints speak for themselves and on that basis deny the allegations in this paragraph.

8. In answer to Paragraphs 23 and 27 of the Third-Party Complaint, the SS Companies state that the referenced documents speak for themselves and on that basis deny the allegations in these paragraphs.

9. In answer to Paragraphs 22, 26, and 30 of the Third-Party Complaint, the SS Companies incorporate by reference those portions of the above answer that correspond to the paragraphs of the Third-Party Complaint referenced in paragraphs 22, 26, and 30 of the Third-Party Complaint.

10. Any allegation not specifically admitted herein is denied.

THIRD DEFENSE

11. The KG Entities' claims are barred by the claims raised by Plaintiffs in their Complaints and the SS Companies in their Third-Party Counterclaims, including but not limited to violations of Chapter 651C of the Hawaii Revised Statutes, Breach of Fiduciary Duty, and Creditor Fraud.

FOURTH DEFENSE

12. The KG Entities' claims are barred by the doctrines of unclean hands and *in pari delicto*.

FIFTH DEFENSE

13. The KG Entities' claims are barred by the doctrines of waiver and estoppel.

SIXTH DEFENSE

14. The KG Entities' claims are barred by fraud.

SEVENTH DEFENSE

15. The KG Entities' claims are barred by illegality.

EIGHTH DEFENSE

16. The KG Entities' claims are barred by provisions of the Purchase and Sale Agreement and related documents on which their claims are based.

NINTH DEFENSE

17. The KG Entities' claims are barred because any damages alleged by the KG Entities are due to their own actions or omissions, and/or those of their agents and/or those for whose actions it is charged by law with responsibility, and were not caused by the SS Companies.

TENTH DEFENSE

18. The KG Entities' claims are barred because of their failure to avoid and/or mitigate their alleged damages.

WHEREFORE, the SS Companies pray that this Court:

A. Dismiss the Third-Party Complaint against them with prejudice.

B. Award the SS Companies their attorneys' fees and costs herein.

C. Grant the SS Companies such further and other relief that the Court deems just and proper under the circumstances.

DATED: Honolulu, Hawai`i, March 7, 2007.

/s/ Glenn T. Melchinger
PAUL ALSTON
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JASON H. KIM

Attorneys for Plaintiffs
and Third-Party Defendants,
the SS Companies